

Message Text

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21

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AF-10 SAM-01 DRC-01 FEA-02 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 EB-11 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 OMB-01 SWF-02 /205 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7149

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

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SUBJ: EC POSITION ON REVERSE PREFERENCES

REF: (A) EC BRUSSELS 4585; (B) EC BRUSSELS 4421;
(C) ED BRUSSELS 3625

1. SUMMARY. GUNDELACH IS SKEPTICAL THAT THE COMMUNITY

-- THE COMMISSION OR THE PERMANENT REPRESENTATIVES --

WILL BE ABLE TO RESOLVE THQ EUSTION OF A NEW POSITION

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ON THE TRADE RECIPROCITY ISSUE PRIOR TO THE JULY 25-26

KINGSTON MEETING WITH THE ACP COUNTRIES. SPECIFICALLY, HE SAYS THAT THE FRENCH MEMBERS OF THE COMMISSION STILL REFUSE TO BACK OFF ON THE "FREE TRADE AREA" CONCEPT THAT HAS UNDERLAIN THE EC POSITION ALL ALONG. ASSUMING THAT THE ACP GROUP CONTINUES TO OPPOSE "RECIPROCITY" OR REVERSE PREFERENCES, HOWEVER, GUNDELACH THINKS THE COMMUNITY POSITION WILL BE TURNED AROUND NEXT FALL.
END SUMMARY.

2. AS REPORTED IN THE REFTELS, THE EC COMMISSION FAILED IN AN ATTEMPT TO COME UP WITH A NEW POSITION THAT WOULD, IN EFFECT, ABANDON ITS LONG-STANDING ATTITUDE IN FAVOR OF THE SO-CALLED FREE TRADE AREA SOLUTION (REVERSE PREFERENCES) TO THE TRADE RECIPROCITY ISSUE IN THE NEGOTIATIONS WITH THE ACP COUNTRIES. THE EC COUNCIL ASKED THE COMMITTEE OF PERMANENT REPRESENTATIVES TO TRY TO RESOLVE THIS ISSUE -- IN ADDITION TO OTHER OUTSTANDING ISSUES- SO THAT THE COMMUNITY WOULD HAVE A SUITABLE MANDATE TO BE APPROVED BY THE COUNCIL ON JULY 22-23 AND IMPLEMENTED AT THE KINGSTON MEETING ON JULY 25-26.

3. ON JULY 2, COMMISSIONER GUNDELACH GAVE US SOME BACKGROUND ON THE INTERNAL DEBATE WITHIN THE COMMISSION. HE SAID HE HAD BEEN WORKING CLOSELY WITH CHEYSSON WHO SEEMED TO BE COMING AROUND TO A RECONSIDERATION OF THE FREE TRADE ISSUE. ACCORDING TO GUNDELACH, BOTH ORTOLI AND CHEYSSON ARE HUNG UP ON THE IDEA THAT THE RELATIONSHIP WITH THE AFRICAN STATES MUST BE A "PERMANENT" ONE AND HAVE THUS FAR BELIEVED THAT SOME KIND OF RECIPROCAL TRADE ARRANGEMENTS ARE NECESSARY FOR UNDERPINNING. GUNDELACH CLAIMS HE HAS MADE PROGRESS IN CONVINCING THEM THAT THE DESCRIPTION OF THE RELATIONSHIP IN THE EXISTING COMMUNITY POSITION PAPER IS NOT A VALID FREE TRADE AREA ARRANGEMENT AS DEFINED IN GATT.

4. ACCORDINGLY, CHEYSSON ASKED HIS STAFF TO PREPARE A DRAFT WHICH ASSERTS THAT THE ARRANGEMENTS ARE PERMANENT BUT DOES NOT INCLUDE THE CONCEPT OF TRADE RECIPROCITY OR FREE TRADE AREAS. ACCORDING TO GUNDELACH, CHEYSSON PLANS TO DISCUSS THIS NEW LANGUAGE WITH THE FRENCH. BUT GUNDELACH IS NOT OPTIMISTIC THAT CHEYSSON WILL FIGHT HARD OR THAT THE FRENCH LIMITED OFFICIAL USE

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POSITION WILL CHANGE IN THE IMMEDIATE FUTURE.

5. GUNDELACH ALSO DOUBTS THAT THE MEMBER STATES WILL BE ABLE TO RESOLVE THEIR DIFFICULTIES DIRECTLY VIA THE PERMANENT REPRESENTATIVES. IN THE ABSENCE OF A NEW POSITION, THE OLD CHAPTER OF THE EC POSITION STILL STANDS; I.E., "FREE TRADE AREAS" WHICH MIGHT BE GENERALIZED TO THIRD COUNTRIES.

6. AS GUNDELACH SEES IT, THEREFORE,THE NINE WILL
GO INTO THE KINGSTON MEETING DIVIDIED ON THE TRADE RECIPROCITY
ISSUE. ASSUMING THAT THE ACP GROUP CONTINUES ITS FIRM
LINE AGAINST REVERSE PREFERENCES, THE NINE WILL HAVE TO COME
BACK AND RECONSIDER THEIR POSITION. AT THIS POINT, SOME-
TIME NEXT FALL, GUNDELACH BELIEVES HE WILL BE ABLE TO
TURN THE COMMISSION AROUND AND COME UP WITH AN ALTERNATE
PROPOSAL NOT INVOLVING RECIPROCITY OR THE FREE TRADE
AREA CONCEPT.GREENWALD

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